

Judith A. Riley, J.D.



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2912 Lakeside Drive, Suite 100
Oklahoma City, OK 73120
EXECUTIVE SECRETARY

September 17, 1999

99-00787

Tennessee Regulatory Authority
David Waddell, Executive Secretary
460 James Robertson Parkway
Nashville, Tennessee 37243-0505


Re: Notification of Stock Purchase Agreement Between
Matrix Telecom, Inc., AvTel Communications, Inc.,
and Matrix Acquisition Holdings Corp.

Enclosed please find an original and thirteen (13) copies of the above described Notification.

Please acknowledge receipt of this filing by file stamping the extra copy of the first page of the Notification and returning it in the self-addressed stamped envelope provided for this purpose.

If you have any questions or need anything further, please contact me.

Sincerely,


Judith A. Riley

Enclosures

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**NOTIFICATION OF STOCK PURCHASE AGREEMENT
BETWEEN MATRIX TELECOM, INC., AVTEL COMMUNICATIONS, INC.
AND MATRIX ACQUISITION HOLDINGS CORP.**

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OFFICE OF
EXECUTIVE SEC

Comes now Matrix Telecom, Inc., (hereinafter referred to as "Matrix"), AvTel Communications, Inc. (hereinafter referred to as "Sellers" or "AvTel"),¹ and Matrix Acquisition Holdings Corp. (hereinafter referred to as "Purchaser"), (together the "Parties"), by their undersigned regulatory counsel and notifies the TRA of the proposed agreement to sell all of the issued and outstanding common stock of Matrix to Purchaser.

I. THE PARTIES

A. Matrix Telecom, Inc.

Matrix is a wholly-owned subsidiary of Seller organized under the laws of Texas with its principal offices located at 8721 Airport Freeway, Ft. Worth, TX 76180. Matrix is a provider of intrastate interexchange telecommunications services in Tennessee. Matrix also provides interstate and international telecommunications services pursuant to the authorities granted to it by the Federal Communications Commission.

B. AvTel Communications, Inc.

AvTel is a publicly-held corporation organized under the laws of Delaware. AvTel owns 100% of the issued and outstanding common stock of Matrix. The Parties are hereby notifying the TRA of the proposed agreement to sell all of the issued and outstanding common stock of Matrix to Matrix Acquisition Holdings Corp. Provisions have been made in the Stock Purchase Agreement for obtaining approval of the AvTel stockholders of the sale of Matrix.

¹AvTel Communications, Inc. is in the process of changing its name to NetLojix Communications, Inc.

C. Matrix Acquisition Holdings Corp.

Matrix Acquisition Holdings Corp. is a Delaware Corporation and a wholly-owned subsidiary of Energy TRACS Acquisition Corp. (hereinafter referred to as "ETAC"), which is a wholly-owned subsidiary of Platinum Equity Holdings, LLC (hereinafter referred to as "Platinum"). Matrix Acquisition Holdings Corp. has its principal offices located at 8721 Airport Freeway, Ft. Worth, TX 76180. Matrix Acquisition Holdings Corp. was formed subsequent to the execution of the Stock Purchase Agreement between Seller, Matrix and ETAC, as purchaser. The Stock Purchase Agreement was assigned by ETAC to Matrix Acquisition Holdings Corp. with the consent of Seller.

II. DESCRIPTION OF THE STOCK PURCHASE AGREEMENT AND RELATED TRANSACTIONS

The Board of Directors of Matrix and AvTel have determined that it would be in the best interests of the parties and the public to sell 100% of the issued and outstanding common stock of Matrix. Accordingly, Matrix, AvTel and ETAC entered into the Agreement which was subsequently assigned to ETAC's new subsidiary, Purchaser. In the proposed transaction, at Closing, certificates representing 100% of the issued and outstanding common stock of Matrix, duly endorsed, will be delivered to Purchaser by Seller, thus leaving Matrix as a wholly-owned subsidiary of Purchaser. The Agreement is to become effective and close no sooner than the date upon which all necessary orders, consents and approvals by the regulatory authorities having jurisdiction over Matrix are received. Matrix will continue in existence under the laws of the State of Texas and its Certificate of Incorporation and By-Laws shall remain as in effect immediately prior to the Closing Date. The only change will be the transfer of the ownership of the stock of Matrix.

Pursuant to the provisions of the Stock Purchase Agreement and as discussed herein below, Matrix will retain the residential customer base currently being serviced by Matrix, while AvTel will

assume responsibility for servicing the business market customers. Therefore, the proposed transaction will have no impact on the residential customers of Matrix. In fact, initially, Matrix's Tennessee residential customers will notice no change in the rates, terms or conditions of services they receive after the transaction is consummated. Matrix will continue to operate in Tennessee under its own name and to provide high quality, affordable telecommunications services to the public in the same manner as it has operated since it obtained its certificate. As such, the proposed transaction will not in any way disrupt service nor cause inconvenience or confusion to the residential customers of Matrix. In fact, the efficiencies which will follow as a result of the stock purchase will allow Matrix to provide better service to Tennessee customers.

There will be a change in service provider for business market customers in Tennessee. AvTel will, upon receiving operating authority from the TRA and regulatory approval for the transfer of the business market customers, assume this customer base currently being serviced by Matrix. Matrix will continue to service these customers until said approvals are obtained by AvTel. Upon receipt of said approvals and customer notification as required by the TRA, AvTel will commence service for those customers in their own name and pursuant to said operating authority and approval.

The Platinum involvement in Matrix brings significant financial and business resources to the Company. Platinum is a leader in acquiring and operating technology companies. These companies support large FORTUNE 500 commercial clients and the federal government via a technical and professional workforce of nearly 10,000 employees in more than 100 countries. As a result, Platinum will provide valuable management expertise as well as operating and growth-oriented capital that will enable Matrix to achieve significant growth and to rapidly expand from this

base. The financial strength of the Purchaser and its ultimate corporate parent will provide Matrix with financial resources far in excess of what it presently has available. These financial resources assure that Matrix can continue to provide high-quality telecommunication services to its Tennessee customers.

The proposed transaction will allow Matrix and Platinum, to realize significant economic and marketing efficiencies in the provision of high-quality, low-cost telecommunications services and to compete effectively in the competitive telecommunications marketplace. The resulting efficiencies will be in the best interests of Tennessee ratepayers as the transaction will promote vigorous competition in the industry which should put downward pressure on the cost of telecommunication services.

The proposed transaction will result in some change in the management and officers of Matrix. However, after the proposed transaction is completed, Matrix will continue to possess the technical, managerial, and financial resources necessary to provide reliable and low-cost telecommunications services in Tennessee.

It is anticipated that new products and rates will be introduced in the near future. However, a separate filing for necessary tariff revisions due to these additions will be made.

Applications for approval of this transaction have been filed with the FCC and every state in which Matrix is required to file for approval. Letters of notification have been sent to all other states in which Matrix operates.

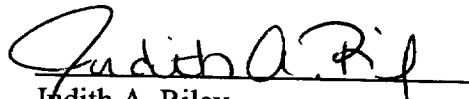
Matrix pledges that it will comply with all applicable statutes and TRA rules and regulations.

III. DESIGNATED CONTACT

The Parties herein provide the following designated contact information for questions, notices, pleadings and other communications concerning this Notification:

Judith A. Riley
Telecom Professionals, Inc.
2912 Lakeside Drive, Suite 100
Oklahoma City, Oklahoma 73120
(405) 755-8177 Telephone
(405) 755-8377 Facsimile

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Judith A. Riley", written over a horizontal line.

Judith A. Riley
Telecom Professionals, Inc.
2912 Lakeside Drive, Suite 100
Oklahoma City, Oklahoma 73120
(405) 755-8177 Telephone

Regulatory Counsel for Applicants

Dated: September 17, 1999

VERIFICATION

STATE OF CALIFORNIA)

COUNTY OF

Santa Barbara)

SS

James P. Pisani, being duly sworn, states that he files this Notification as the President of AvTel Communications, Inc.; that, in such capacity, he is qualified and authorized to file and verify such Notification; that he has carefully examined all the statements and matters contained in the Notification; and that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief. Affiant further states that the Notification is made in good faith.

Dated this 13 day of September, 1999.

AvTel Communications, Inc.

By: 

James P. Pisani, President

Subscribed and sworn to before me, a
Notary Public in and for the State and
County above named, this 13 day
of September, 1999.

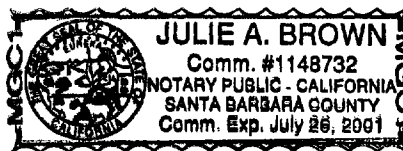


(Seal)

Notary Public

My Commission expires:

7/26/2001



VERIFICATION

STATE OF California,
COUNTY OF Los Angeles SS

William M. Foltz Jr., being duly sworn, states that he files this Notification as the Vice-President of Matrix Acquisition Holdings Corp.; that, in such capacity, he is qualified and authorized to file and verify such Notification; that he has carefully examined all the statements and matters contained in the Notification; and that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief. Affiant further states that the Notification is made in good faith.

Dated this 17 day of September, 1999.

Matrix Acquisition Holdings Corp.

By: William M. Foltz Jr.
William M. Foltz Jr., Vice-President

Subscribed and sworn to before me, a
Notary Public in and for the State and
County above named, this 17 day
of September, 1999.

[Signature]
(Seal) Notary Public

My Commission expires: Jan 16, 2000

